

VZCZCXRO4763
OO RUEHDT RUEHPB
DE RUEHJA #1292/01 2170001
ZNR UUUUU ZZH
O 050001Z AUG 09
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 2990
INFO RUCNARF/ASEAN REGIONAL FORUM COLLECTIVE PRIORITY
RUEAIIA/CIA WASHDC
RHEHNSC/NSC WASHDC
RHEFDIA/DIA WASHINGTON DC

UNCLAS SECTION 01 OF 03 JAKARTA 001292

SIPDIS

DEPT FOR EAP, EAP/MTS, EAP/MLS, EAP/RSP
NSC FOR J. BADER

E.O. 12958: N/A

TAGS: [PGOV](#) [KDEM](#) [ID](#)

SUBJECT: SCENESETTER FOR CODEL NELSON VISIT AUGUST 14-16

REF: A. JAKARTA 1041

[1](#)B. JAKARTA 1277 AND PREVIOUS

[1](#)1. (SBU) SUMMARY: U.S. Embassy Jakarta welcomes CODEL Nelson to Indonesia. You will arrive the day of the National Day Address to Parliament by President Yudhoyono, who will be inaugurated on October 20 for his second term after a landslide victory. Indonesia has done well under his administration. Despite the global economic crisis, Indonesia had the third highest economic growth rate in the G-20 after China and India during the first quarter. Nevertheless, the need to continue to strengthen our collaboration on counterterrorism and other areas is evident after the recent bombings in Jakarta. President Yudhoyono, a staunch reformist, initiated in 2008 a new U.S.-Indonesia Comprehensive Partnership. Secretary Clinton and Foreign Minister Wirajuda's respective visits in 2009 reinforced this partnership. President Obama will likely follow up with a visit to Indonesia in November. He will find that Indonesia is institutionalizing its democratic transition through reforms, successful elections, and building governance institutions. END SUMMARY.

U.S.- INDONESIA COMPREHENSIVE PARTNERSHIP

[1](#)2. (SBU) President Yudhoyono proposed that the United States and Indonesia form a Comprehensive Partnership in a November 2008 speech in Washington. Secretary Clinton endorsed the idea during her February 2009 visit to Jakarta. We are working with the Indonesian government to develop specific initiatives in three broad areas of cooperation: political and security, economic, and socio-cultural.

[1](#)3. (SBU) In the political and security arena, we hope to work with Indonesia in promoting democracy and interfaith dialogue and strengthening our cooperation in peacekeeping, maritime security, nonproliferation and disaster relief. Robust counterterrorism cooperation remains a cornerstone of our security relationship. Our economic cooperation includes ongoing negotiations to conclude an updated Overseas Private Investment Corporation Agreement. The United States and Indonesia are also pursuing a Science and Technology Agreement, expanded health cooperation, and have signed a debt-for-conservation swap under the Tropical Forest Conservation Act. The U.S. is also a key partner in the Coral Triangle Initiative and sent the largest delegation to the World Oceans Conference in Manado. On socio-cultural cooperation, we hope to conclude a Peace Corps country agreement soon, and aim to have volunteers in the country by the end of 2009. On education, we have signed a new Fulbright Agreement and are working to increase the number of Indonesian students in the United States and to build partnerships between Indonesian and American universities. We hope to launch the Comprehensive Partnership during the proposed Presidential visit to Indonesia in November.

INDONESIA: AN IMPORTANT PARTNER ON BURMA ISSUES

14. (SBU) Indonesia has played an important but largely behind-the-scenes role on encouraging democracy and human rights in Burma. President Yudhoyono's Bali Democracy Forum, attended by Burma, is meant to lure the Burmese regime into learning about the benefits of democracy. During late July ASEAN meetings, FM Wirajuda pressed the Burmese to release jailed democracy activist Aung San Suu Kyi. Indonesia has taken the lead along with Australia in the Bali Process to deal with irregular migration issues. A key element of this is pressing Burma to grant citizenship to Rohingyas and to respect their rights.

CHALLENGES IN PAPUA

15. (SBU) Indonesia continues to struggle with governance and development challenges in its eastern-most provinces of Papua and West Papua. Despite vast natural resource wealth, Papuans continue to lag behind other Indonesians--a situation that fuels discontent. Implementation of the region's 2001 Special Autonomy Law has lagged due to the provincial government's lack of capacity and the reluctance of some central government ministries to cede control over critical areas. The Indonesian police and military have made significant progress on human rights in Papua although incidents still sometimes occur. A recent series of shootings near the Papua operations of U.S. mining giant Freeport-McMoRan--the suspected work of Papuan separatists--underscores the security challenges in the region. A leading government think tank has recently

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published a plan--The Papua Roadmap--that charts a course for addressing Papua's development deficit and political grievances. However, we do not expect any action on the plan until a second Yudhoyono government takes office. Mission is aware of Congress' interest in the region, and will continue to pay close attention to developments.

U.S SUPPORTS INDONESIA'S COUNTERTERRORISM EFFORTS

16. (SBU) Until the bombings on July 17, Indonesia experienced three and a half years without a major terrorist incident. The Indonesian government's counterterrorism efforts drastically reduced the ability of militant groups in Indonesia to carry out attacks. Indonesian National Police (INP) successes from previous years in breaking up terrorist cells linked to Jemaah Islamiyah (JI) and other violent Islamic extremist organizations continued to pay dividends, and JI's traditional structure has been largely broken. The Indonesian National Police (INP) continued their program to "de-radicalize" convicted terrorists to promote moderate teachings and gain valuable information on terrorist networks. The Government of Indonesia has continued to build a legal and law enforcement environment conducive to fighting terrorism within its borders.

17. (SBU) USG assistance has been an important component of this success. The Embassy has worked to build the investigative support for and forensic capabilities of the INP through numerous developmental programs administered by Department of Justice's International Criminal Investigative Training and Assistance Program. The USG-funded Special Detachment-88 has effectively disrupted the JI terrorist network and is helping to investigate the Marriott and Ritz-Carlton bombings. The USG-funded Attorney General's Task Force on Terrorism and Transnational Crime successfully prosecuted 64 terrorists, including 43 JI members since 2006, and DOJ enhanced the prosecutorial capacity of the task force.

18. (SBU) While Indonesia's counterterrorism efforts have been impressive and its capacity to fight terrorism within its borders has improved steadily, continued vigilance is

needed, as the events of July 17 demonstrated. Malaysian JI operative and recruiter Noordin Mohammed Top, who is suspected of involvement in every anti-Western terrorist attack in Indonesia since 2002, including the July 17 bombings, remains at large.

¶9. (SBU) However, Mission has assessed the security situation and determined that a new travel warning is not necessary at this time. The Government of Indonesia's (GOI) response to the attacks has been swift and effective. The GOI has heightened security nationwide, and Indonesians are resolutely continuing with their lives. Muslim leaders from moderates to hardliners have condemned the attacks. Mission's current guidance is to be vigilant about personal security but to continue to support Indonesia and to welcome U.S. visitors. President Obama has also underscored that this attack will not deter him from visiting Indonesia.

NATIONALIST PARTIES WON APRIL LEGISLATIVE ELECTIONS

¶10. (SBU) The April 9 elections were the third successful, peaceful legislative elections since the advent of democracy in 1998. Nine parties won parliamentary seats. As has been the trend to date, the top three parties are secular nationalist parties, followed by four Islamic-oriented parties and two parties led by former generals. President Yudhoyono's Partai Demokrat (PD) was the winner, with 20.85 percent of the popular vote (and over a quarter of the 560 parliamentary seats), followed by Vice President Kalla's party, Golkar, with 14.45 percent. Megawati's party, The Indonesian Party of Struggle, (PDI-P), came in third with 14.03 percent of the popular vote. The four Islamic parties combined garnered about 24 percent of the national vote.

LEGISLATIVE COOPERATION CRUCIAL TO PARTNERSHIP

¶11. (SBU) The U.S. Embassy is continuously engaged with the DPR, and USAID provides direct assistance to the DPR. Congress, through the House Democracy Assistance Commission (HDAC) programs and the Library of Congress's Jakarta representative, provides complementary support that has facilitated progress on issues affecting U.S. interests in Indonesia. For example, the Embassy has engaged key DPR decision makers to support adoption of implementing legislation for the Cape Town Treaty. This legislation

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allowed EX-IM to approve over \$1 billion in financing to Indonesian companies Lion Air and Garuda Air to purchase Boeing airplanes. Continued close cooperation with the DPR will be also be key in promoting good governance, especially since most of the 2009 DPR will be comprised of new, inexperienced members.

YUDHOYONO WINS PRESIDENTIAL ELECTIONS JULY 8 IN A LANDSLIDE

¶12. (SBU) Indonesia held its July 8 presidential elections peacefully. Three pairs of candidates contested the elections: President Yudhoyono and former Central Bank Governor Boediono; Vice President Jusuf Kalla and retired General Wiranto; and former president Megawati Sukarnoputri with retired General Prabowo Subianto. Both Prabowo and Wiranto, controversial for alleged past human rights abuses, originally nurtured presidential ambitions.

¶13. (SBU) Incumbent Yudhoyono (whose Partai Demokrat won the legislative elections) won the elections in a landslide. Seen as the reformist, clean candidate, he further shored up his credentials by choosing a non-partisan, economically savvy U.S.-educated technocrat as running mate. Together they captured 60.8 percent of the vote and 28 of the nation's 33 provinces. Megawati's team followed with 26.79 percent and Kalla was a distant third with 12.41 percent of the vote. Yudhoyono's decisive win obviated the need for a second round of run-off elections.

¶14. (SBU) Technical and administrative flaws in the election process stirred controversy, as during the legislative elections. Yudhoyono won by a wide margin and Indonesians have accepted the results. Nonetheless, losers Megawati and Kalla have challenged the results in the Constitutional Court, claiming the election was not credible because of voter list flaws. They have called for a second election round. Most analysts do not believe the court, which must rule on this by August 11, will order a second round.

INDONESIA: IMPORTANT U.S. PARTNER IN DEMOCRACY

¶15. (SBU) Despite the recent terrorist attacks, Indonesia's democratic institutions are flourishing. It has weathered the global economic crisis well, and is one of the few countries in the region expected to see growth this year. Indonesian consumer confidence following the elections rose in July to its highest level in nearly five years. The budget President Yudhoyono unveiled before Parliament August 3 offered a slew of populist measures and projected that the economy would continue to grow at five percent next year. Some observers note that much work remains to be done in educational reform, poverty alleviation, combating corruption and other areas. Nonetheless, after only eleven years of democracy, Indonesia is emerging as a leader in ASEAN, G-20 and other multilateral fora on the global stage. Indonesia is also an increasingly important partner for the U.S. as we work toward forging an expanded Comprehensive Partnership.

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